



Terms of Reference mSCOA Project Project Implementation Team

1. Background:

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognized accounting practice (GRAP), uniform expenditure classifications and uniform treasury norms and standards. The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)(MFMA), determines those measures for the local sphere of government and enables the Minister of Finance to further prescribe by regulation such measures in terms of section 168 thereof.

Uniform expenditure classifications have already been established and implemented for national and provincial government departments. However, currently, each municipality manages and reports on its financial affairs in accordance with its own organizational structure and unique chart of accounts. The result is a disjuncture amongst municipalities and municipal entities and between municipalities and the other spheres of government as to how they classify revenue and expenditure and consequently report thereon. This compromises transparency, reliability and accuracy throughout the planning and reporting process and impedes the ability of national government to integrate information and to formulate coherent policies in response to the objectives of local government.

Consequently, the Minister of Finance has, in terms of section 168 of the Local Government: Municipal Finance Management Act, 2003 (Act No.56 of 2003), and

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acting with the concurrence of the Minister of Cooperative Governance and Traditional Affairs gazette the Municipal Regulations on Standard Chart of Accounts (mSCOA) into effect on 22 April 2014. Municipal SCOA provides a uniform and standardized financial transaction classification framework. Essentially this means that mSCOA prescribes the method (the how) and format (the look) that municipalities and their entities should use to record and classify all expenditure (capital and operating), revenue, assets and liabilities, policy outcomes and legislative reporting. This is done at transactional level and ensures that a municipality and its entities have minimum business processes in place. This will result in an improved understanding of the role of local government in the broader national policy framework and linkage to other government functions.

The Regulations apply to all municipalities and municipal entities and indicate its applicability and relevance to each specific municipal environment while accommodating organizational uniqueness and structural differences. The Regulation provides for a three year preparation and readiness window and all 278 municipalities must be compliant to the mSCOA classification framework by 1 July 2017.

Chapter 6 of the MFMA tasks the Municipal Manager of the municipality with managing the financial administration of the municipality. Since mSCOA is a municipal business reform, the Municipal Manager has the overall responsibility to manage the successful implementation of the mSCOA project within the municipality, to ensure the municipality is able to capture all transactions (at posting level) in accordance with mSCOA within its respective financial applications (systems) by 1 July 2017 going forward.

The Municipal Manager in terms of the MFMA can delegate some of these responsibilities and has tasked the Mscoa Steering Committee in writing, to advise the Municipal Manager and to drive and oversee the successful implementation of the Municipal Regulations on Standard Chart of Accounts in the municipality by 1 July 2017. To fulfill its responsibilities, the mSCOA Steering Committee has assigned a Project Manager and mSCOA Project Implementation Team in writing on the terms as set-out below:

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2. Term of the Project Implementation Team:

This Terms of Reference is effective from 01/12/2015 and shall continue until satisfactory implementation of mSCOA within the municipality and will only terminate by agreement of the steering committee, the Municipal Manager and the municipal council.

Membership:

The mSCOA Project Implementation Team, led by the Project manager who was assigned by the mSCOA Steering Committee of the municipality, should be a multi-disciplinary team and include the following functions and skills:

- Finance, budgeting and reporting;
- Performance reporting;
- Risk management/ internal audit (as observers only);
- Engineering (project managers);
- Information technology; and
- Human resources.

Representatives of all departments should also be represented on the Project Implementation Team, which should be chaired by the Project Manager, Mr BF James duly assigned the role in writing. Team members should be assigned in writing and their performance agreements amended to accommodate these responsibilities.

The mSCOA Project Implementation Team of the municipality therefore comprise of the following officials:

NAME:	TITLE:	DEPARTMENT/ UNIT	ROLE:
Mr R Pieterse	Municipal Manager	Office of the Municipal Manager	Project Chairperson
Mr BF James	Chief Financial Officer	Financial Services	Project Manager
Mr DJ Fourie	Deputy CFO	Financial Services	Implementation
Ms PJ Jack	Manager BTO	Financial Services	Implementation
Ms Z Cofa	Manager: Salaries	Financial Services	Implementation
Ms MNR Van Rooi	Expenditure	Financial Services	Implementation

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Ms AB Weale	Accountant: SCM	Financial Services	Implementation
Mr TA Loko	Senior Manager Corporate Services	Corporate Services	Advisory
Ms G Theron	Corporate Services	Corporate Services	Implementation
Mr HP Greeff	Senior Manager Development	Development	Advisory
Mr M Plaaitjies	IT	Corporate Services	Infrastructure analysis / Testing environment

3.1 Project Implementation Team Meetings:

The mSCOA Project Implementation Team should schedule formal meetings at least once a week, and compile an agenda and meeting minutes, to be maintained as part of the official project records for review purposes.

Team members should prepare for the meetings and contribute within their field of expertise and assigned role, to ensure that full compliance is achieved by 1 July 2017.

3.2 Visitors and observers to the mSCOA Project Implementation Team meetings:

The mSCOA Project Implementation Team may allow visitors/observers to attend their meetings, and may invite guests to meetings.

Unless the Team has requested a visitor to make presentation(s) relevant to mSCOA implementation, any such visitor will only be allowed to attend the meeting in the capacity of an observer.

The following will enjoy a permanent invitation to attend meetings as observers:

- The mSCOA Steering Committee;
- The internal audit function of the municipality;
- The risk management function of the municipality;
- The representative of the Auditor-General;
- The representative of National or Provincial Treasury; and
- Any other observers agreed and invited by the Team.

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3. Roles and Responsibilities of the mSCOA Project Implementation Team:

The responsibilities of the mSCOA Project Implementation Team are as follows:

- A. Prepare a mSCOA Project Implementation Plan including the required activities, allocated responsibilities for execution of the plan, assigned deliverables and acceptance criteria, and set timeframes for these deliverables, for submission to the mSCOA Steering Committee for consideration and approval;
- B. Prepare and maintain a mSCOA Project Risk Register detailing the identified project risks, evaluating these and allocating responsibility including mitigating measures, monitoring of the risk and reporting progress within set timeframes, for submission to the mSCOA Steering Committee for consideration and monitoring;
- C. Prepare and maintain a mSCOA Project Issue Log detailing the issues which have been encountered, together with the measures which were employed to address the issues and the results and cost thereof;
- D. To develop a resource plan for the mSCOA implementation project for submission to the mSCOA Steering Committee for consideration and approval;
- E. Regular reporting of the progress, risk register and issue log to the mSCOA Steering Committee for consideration and key decision making;
- F. To execute the approved project implementation plan, including but not limited to:
 - Assign responsibilities to the Project Implementation Team to execute the plan and deliver all the deliverables documented in the plan;
 - Ensure that mSCOA responsibilities are included in the Performance Agreements, Performance Evaluation Templates and other applicable documentation for all team members and other officials as identified by the Project Team,
 - Identify and assign officials responsible and accountable for each of the identified risks, who will mitigate these risks and regularly report on progress;
 - Monitor and report on progress in terms of each of the deliverables and mSCOA Segments and related project activities, within the implementation team and to the mSCOA Steering Committee; and
 - Assist with any risk evaluations, internal or external audit reviews of the mSCOA project.
- G. Ensure organisational awareness of mSCOA by means of internal workshops, information sharing and feedback across the municipality, the various internal committees and the municipal council;
- H. Ensure that mSCOA is adopted as a permanent standing item on the senior management meeting (MANCO) agenda for Tracking Progress and Noting Institutional Risk;

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- I. Oversee regular mSCOA risk assessments, development and updates of a mSCOA risk register, and monitor the implementation of mitigating action plans;
- J. Table a mSCOA progress report, including the updated risk register with the municipal council on a quarterly basis;
- K. Ensure the municipality's current chart is compared on an account by account level to the Municipal Regulations on a Standard Chart of Accounts (Regulations on mSCOA) (all 7 segments). Any anomalies must be documented and a copy provided to the relevant provincial treasury;
- L. Ensure the Function Segment of the Regulations on mSCOA classification framework is matched to the current vote and cost centre structures operational in the municipality. Identify and document any anomalies and provide a copy to the relevant provincial treasury;
- M. Consider the impact of the Regulations on mSCOA on business processes and develop a business process implementation plan to address change, with specific regard to, among others:
 - Impact on municipal Functions (Vote Structure, Internal Operational Work Flows, Costing Methodology, etc.)
 - Impact on Operational and Capital Projects (Setting Up Project based Budgeting).

Only once the National SCOA Project Team has concluded their engagement with all systems vendors in the local government sphere and advised the municipality on the appropriate way forward -

- a. Ensure the assessment of current Information Technology infrastructure requirements and that any modifications are conducted with implementation plans to address current infrastructure needs;
- b. Oversee the appointment process for the accounting and other systems' service provider(s) by means of providing input to the bid specification and evaluation processes;
- c. Review the Service Level Agreement with the successful service provider(s) to ensure that all mSCOA requirements are addressed and value for money is achieved;
- d. Preparation of a detailed project implementation plan for data conversion and movement to the mSCOA compliant system once the service provider is appointed, with input from all the relevant stakeholders;and
- e. Facilitate the budgetary planning provisions of mSCOA to ensure that the project is adequately funded for its implementation.

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- N. Foster collaboration between the municipality, service providers, National/Provincial Treasury and other key stakeholders through:
- a. Engagement meeting(s) with the Service Provider, clarification of roles and responsibilities, and timeframes;
 - b. Finalise the Memorandum of Agreement (MoA) or Service Level Agreement (SLA) for approval by the municipal manager;
 - c. Establish vendor target dates for converting data and implementation - incorporate into the mSCOA project implementation plan;
 - d. Attend and participate in Vendor forums, user groups and progress meetings;
 - e. Monitor the municipality's implementation progress and compliance against the Regulations on mSCOA, National Treasury and Provincial Treasury communications; and
 - f. Ensure that the Project Manager/municipality maintains ongoing communications with National and Provincial Treasury during the implementation of the project.

4. Reporting:

The mSCOA secretariat will on behalf of the Project Team (with the input from each member of the project team) monthly prepare a written report reflecting in a clear and concise manner the progress against the mSCOA project plan, timeframes and mSCOA risk register. The monthly report must be provided to the municipal manager/project sponsor on/before the 15th working day after month end. An aggregated report must be compiled for each quarter and submitted to the Municipal Manager/project sponsor on/before one month after the end of the quarter for tabling to the municipal council.

5. Each member of the mSCOA Project Implementation Team commits to:

- Attend all scheduled mSCOA Project Team meetings and if necessary, with the approval of the Project Manager, nominate a proxy to attend on his/her behalf;
- Make timely decisions and implement the required action plans in order to avoid delays in the project implementation;
- Implement action plans to address issues/obstacles, therefore ensuring the successful implementation of the project;
- Maintain the focus of the Project Team/municipality on the agreed scope, outcomes and benefits;
- Provide monthly/quarterly updates and reports to the Municipal Manager/project sponsor and municipal council on the implementation of the project; and

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- To be open and honest and act in the best interest of the municipality in all discussions.

6. Rights of members of the mSCOA Project Implementation Team:

- Each member of the Project Team has the right to be informed of Project Team meetings, in writing and timely;
- Each member of the Project Team has the right to be provided with complete, accurate and meaningful information in a timely manner by respective persons/departments in the municipality relevant to the implementation of the Municipal Regulation on SCOA;
- Each member of the Project Team must be given reasonable time to make key decisions; and
- Each member of the team must be alerted to potential risks and issues that could impact the successful implementation of SCOA, as they arise. It will be the responsibility of the risk owner or any official (for the first time) becoming aware of such risk or issue, to inform the Project Manager/ Administrative Coordinator so that he/ she can inform the Project Team members.

7. Meetings of the Project Implementation Team:

- All meetings of the Project Team will be chaired by the Project Chairperson, Mr BF James, Director Financial Services(CFO);
- There will only be a quorum present at the Project Implementation Team meeting if 7 or 50% members of the mSCOA Project Implementation Team is present/represented;
- The Project Team shall meet, at a minimum, once every 2 weeks, until complete implementation of the Municipal Regulation on SCOA. As the need arises, the frequency of the meetings may be increased or reduced, as per a formal resolution of the Project Team;
- Decisions will be made by consensus. If not possible, the Municipal Manager/project sponsor shall have the casting vote in determining the final decision of the mSCOA Project Team;
- The secretariat of the mSCOA Project Team will be appointed by the Project Manager and, will be responsible for preparing the agenda, minutes of meetings and supporting documentation;

- The agenda will be set by the secretariat of the mSCOA Project Team in consultation with its team members. Agenda items should be submitted at least 3days prior to a meeting unless it is brought to the meeting as an item requiring urgent attention;
- Proposed agenda items should be accompanied by a short description as well as suggested solutions and relevant documentation(if any); and
- Notice of Project Team meetings must be provided in writing 2working days before each meeting and must include the proposed agenda and the relevant project documentation.

8. Code of Conduct of mSCOA Project Implementation Team Members:

- Members should agree to the written assignment of these duties and diligently perform same to achieve compliance with the regulations;
- Members should act in good faith in the best interests of the municipality at all times;
- Members should promptly complete all assigned duties and tasks;